



Capital Access Conference - Shires Income plc

Iain Pyle CFA, ACA

June 2023

abrdn.com

For Professional Investors Only – Not for public distribution

Lead Manager



Iain Pyle, CFA, ACA

| Iain Pyle | Investment Director, Developed Market Equities |
|-----------------------------|--|
| Relevant Experience | <ul style="list-style-type: none">• Over 15 years UK equity income investment experience with 8 years spent at abrdn.• Experienced manager of UK core and income equity portfolios.• Sector analyst coverage of energy, financials and construction, with previous experience covering pharmaceuticals and healthcare.• Previously a sell-side energy analyst in top ranked team. |
| Portfolio Responsibilities | <ul style="list-style-type: none">• Manager of Shires Income since 2018• abrdn UK High Income Fund• abrdn UK Core Equity Portfolios |
| Professional Qualifications | <ul style="list-style-type: none">• CFA Charter holder and Chartered Accountant (ACA)• MEng degree in Chemical Engineering from Imperial College• MSc in Operational Research from Warwick Business School |

Source: abrdn, May 2023

Shires Income PLC - trust overview

- **Investment objective: Resilient income with potential for growth**

- To provide a high level of income, together with the potential for growth of both income and capital from a diversified portfolio substantially invested in UK equities but also in preference shares, convertibles and other fixed income securities

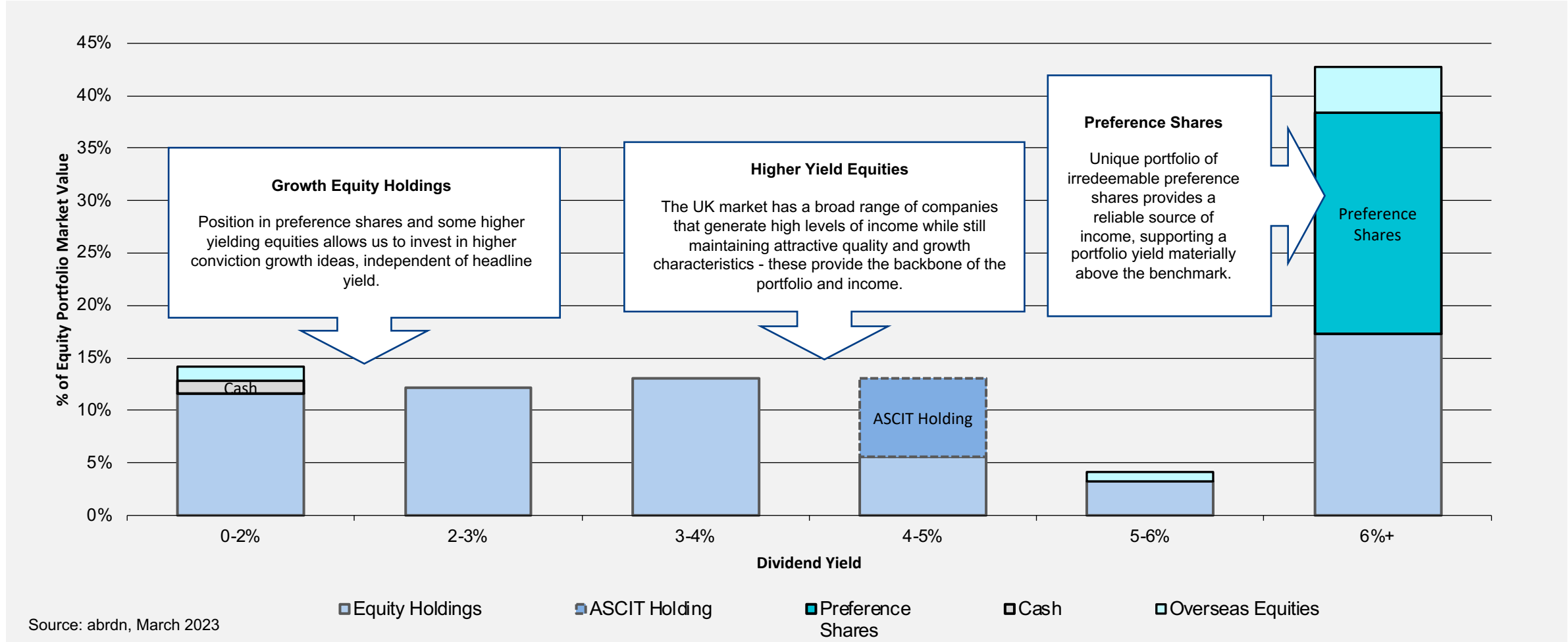
Differentiated investment strategy

- The trust invests primarily in UK listed equity securities, differentiated in four ways:
 - Also invests in higher yielding preference shares to provide stable income
 - Holds select overseas equities for diversification
 - Position in abrdn Smaller Companies Income trust provides access to higher growth companies
 - Enhances income with a small option writing program
-
- The aim is to provide an above average yield, from an appropriately diversified portfolio, with an emphasis on total return and the management of risk

Source: abrdn

A Differentiated Structure

Diversified portfolio balances income and growth

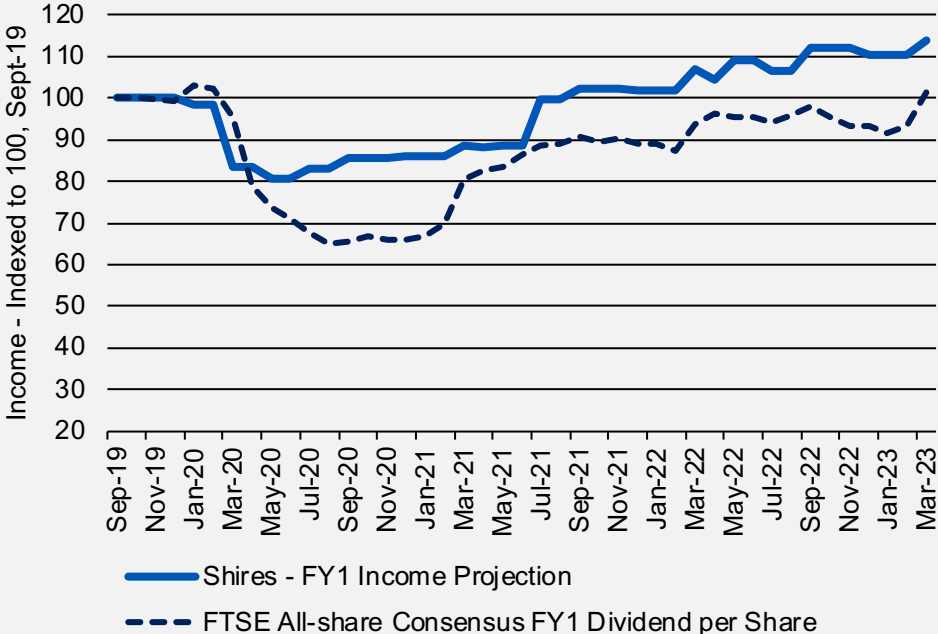
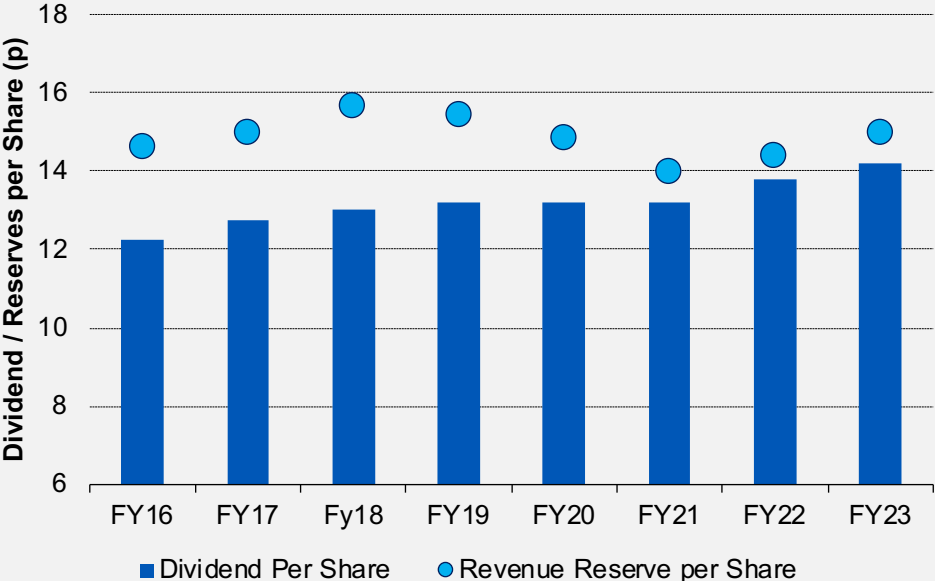


Source: abrdn, March 2023

A Resilient, Growing Dividend

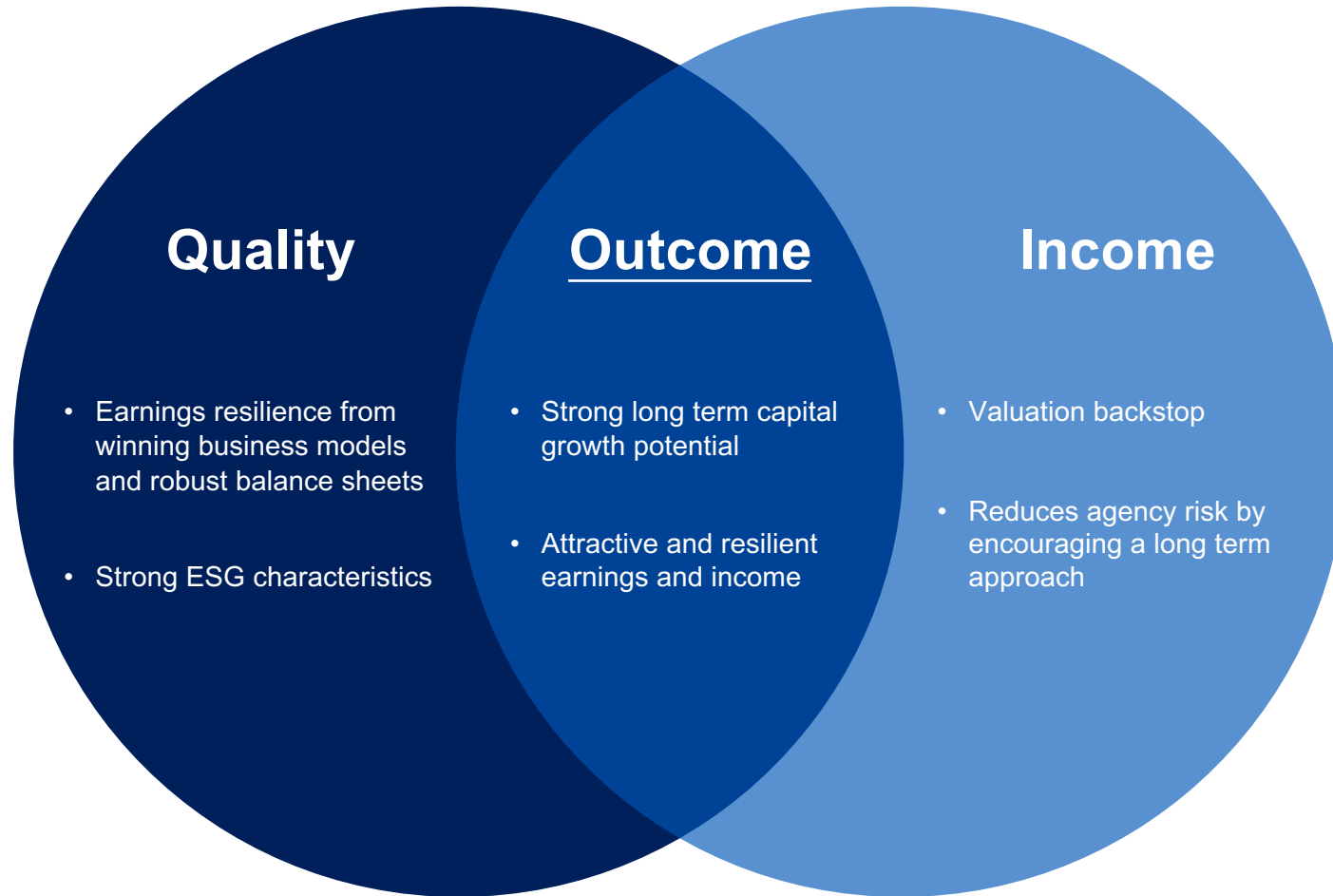
Historic dividend yield of 5.7% a significant premium to benchmark at 4.4%

- Trust pays quarterly dividends
- Diversified income stream including option income
- Underlying income generation significantly more robust than the market as a whole – proven through the pandemic period
- Attractive revenue reserves of greater than one year's full dividend, giving significant margin of safety for income



Source: abrdn, Bloomberg, March 2023. For illustrative purposes only. No assumptions on future performance should be made

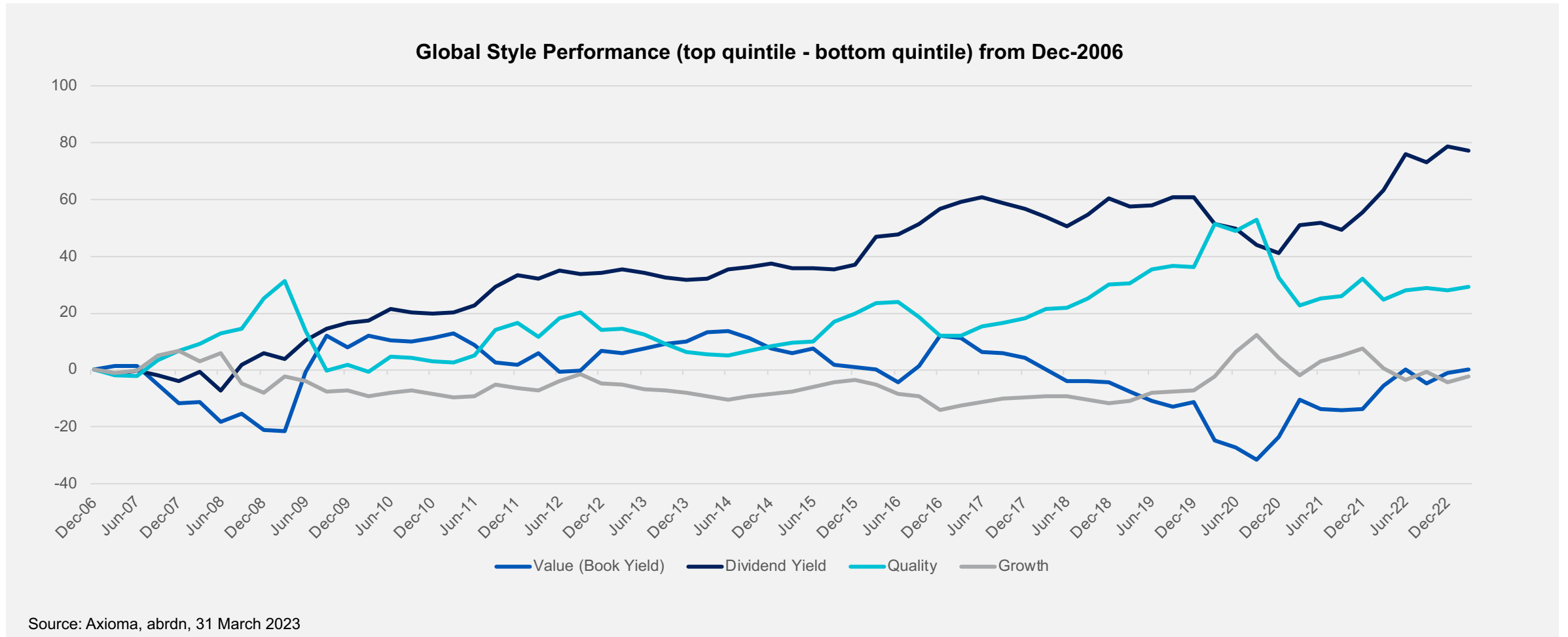
Quality and Income – the best of both worlds



Source: abrdn, December 2022

Quality and Income – the best of both worlds

Focusing on quality and income has produced results ahead of the “growth vs. value” debate



Style Skyline: Delivering yield and growth

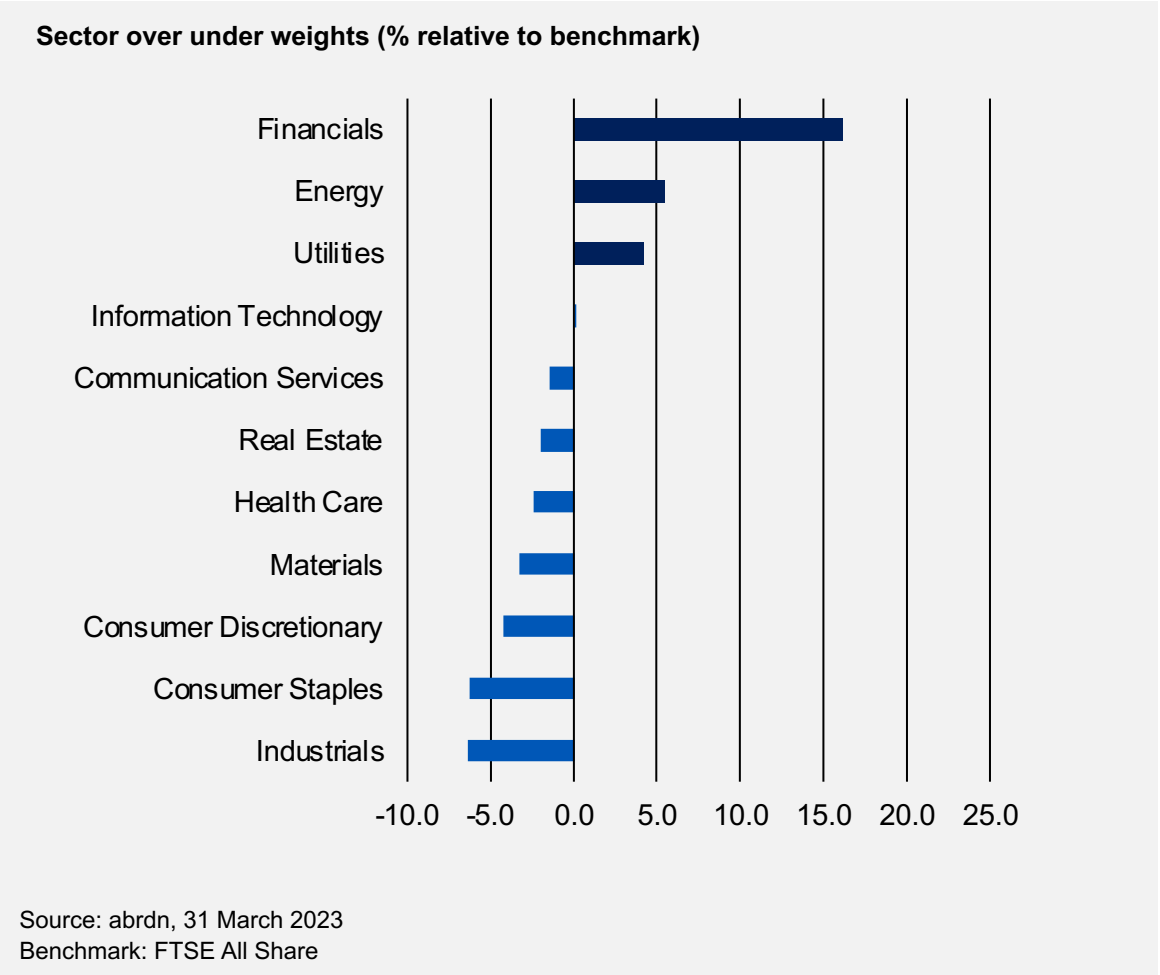
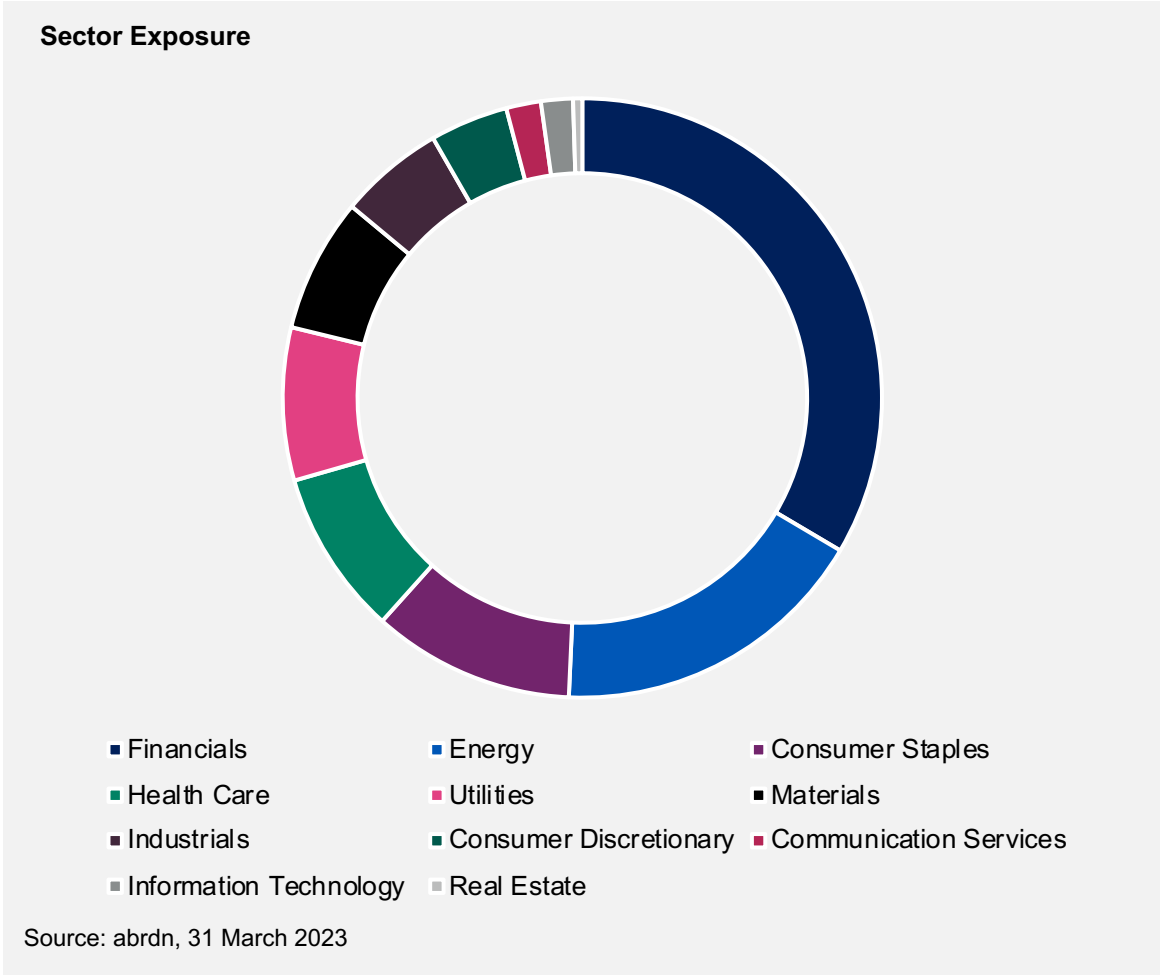
Portfolio characteristics are for higher yield and growth, with low market beta of 0.8



Source: Style Research, abrdn, 31 March 2023

Fund Positioning

Shires Income Trust PLC



Fund Positioning

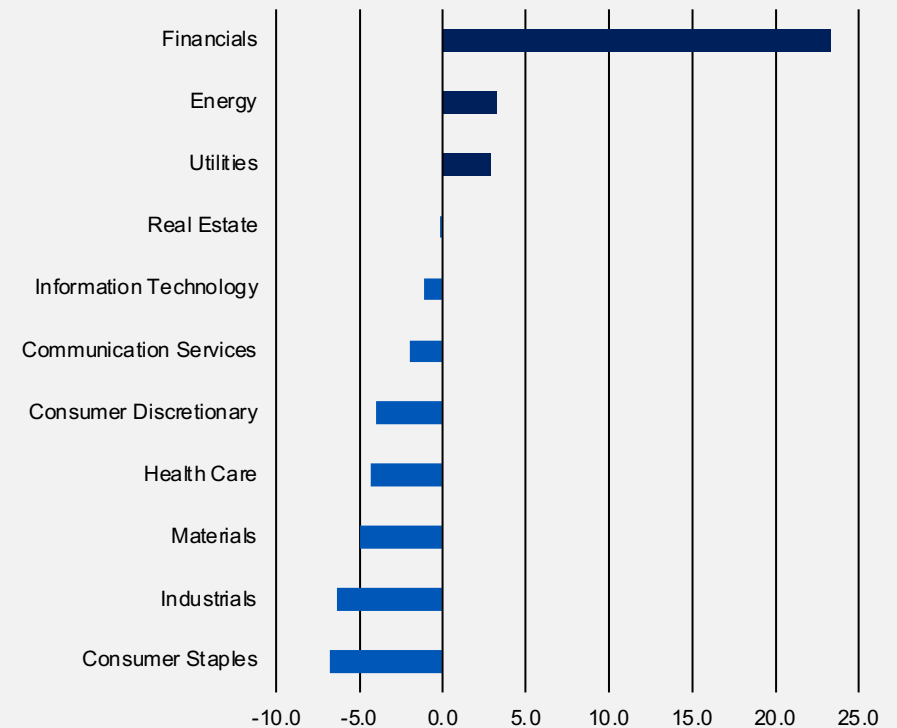
Shires Income Trust PLC

Top Ten positions – Portfolio

| Holding | Portfolio Weight % |
|--------------------------------------|--------------------|
| abrdn Smaller Companies Income Trust | 7.91 |
| Ecclesiastical Insurance | 5.76 |
| RSA Insurance | 4.63 |
| AstraZeneca | 4.25 |
| Shell | 4.04 |
| General Accident | 3.85 |
| Santander | 3.79 |
| BP | 3.28 |
| Standard Chartered | 3.04 |
| Anglo American | 2.83 |

Companies selected for illustrative purposes only to demonstrate abrdn's investment management style and not as an investment recommendation or indication of future performance.
Source: abrdn, 31 March 2023

Sector over under weights (% relative to benchmark)



Source: abrdn, 31 March 2023
Benchmark: FTSE All Share

Shires Income

Seeking to deliver resilience and reward for income investors from a diversified portfolio



Dependable

- Portfolio of high quality companies with resilient income and strong capital growth prospects
- Leverages the 20-strong UK and European equity team's market coverage and idea generation
- Investment approach looks for valuation opportunities to acquire quality stocks with longer term growth potential



Diversified

- Thoughtful diversification by sector, and income and capital per holding
- Ability to invest in the best overseas companies
- Healthy exposure across the market cap spectrum
- Preference shares provide a secure source of non-equity yield



Differentiated

- Attractive yield supported by high levels of revenue reserves
- Balances capital resilience in challenging markets with the ability to capture structural growth
- Unique structure delivers balanced outcomes for clients

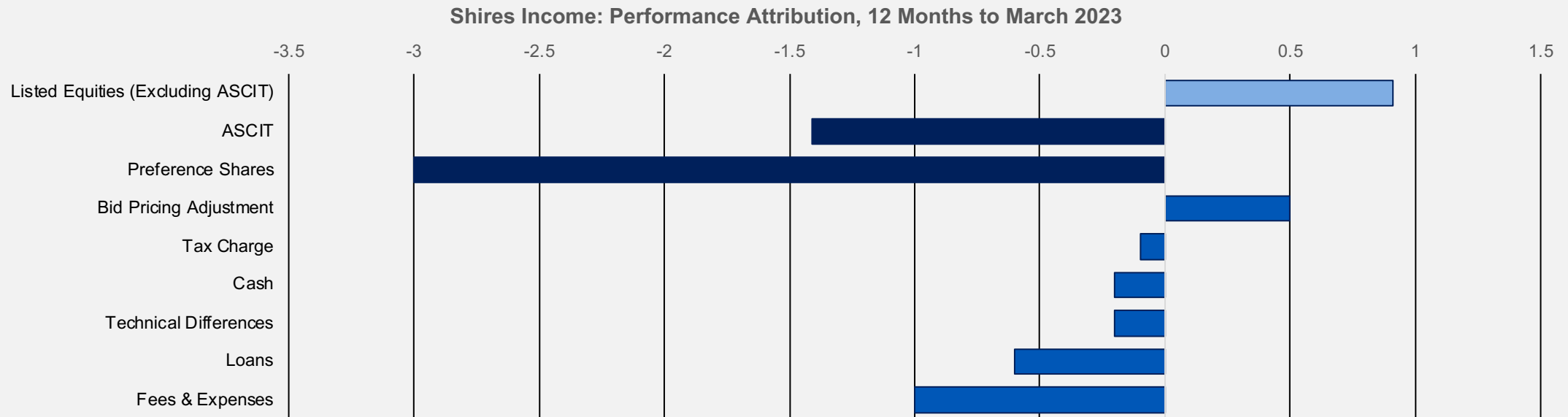


Performance Update

Financial Year 2023 Performance

Relative performance reflects headwinds for the portfolio which are unlikely to repeat

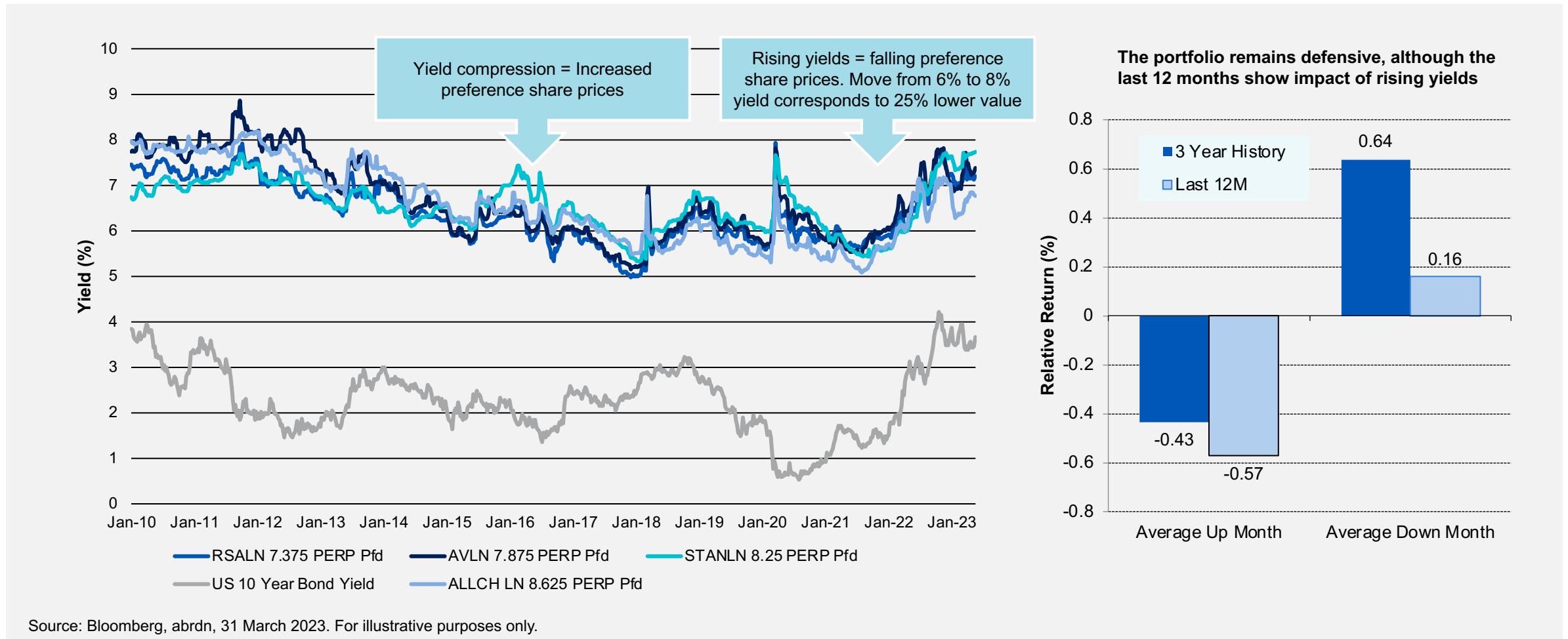
| | 1 year % return | 3 year % return | 5 year % return |
|----------------------------------|-----------------|-----------------|-----------------|
| Net asset value | (5.5) | 46.9 | 24.9 |
| Share price (based on mid price) | (1.8) | 46.5 | 24.9 |
| FTSE All-Share index | 2.9 | 47.4 | 27.8 |



Source: Bloomberg, abrdn, 31 March 2023











Preference Shares

Performance reflects bond yields – Headwinds are abating and yield is attractive













Shires Income PLC Attribution

1 year to 31 March 2023

| Top stock contributors | Relative position (%) | Contribution (%) | |
|------------------------|-----------------------|------------------|---|
| TOTALEnergies | 3.0 | +0.8 |  |
| Standard Chartered | 2.5 | +0.6 |  |
| Novo Nordisk | 1.3 | +0.6 |  |
| Telecom Plus | 2.2 | +0.5 |  |
| Balfour Beatty | 1.0 | +0.4 |  |
| GSK | -1.1 | +0.4 |  |
| Euromoney | 0.2 | +0.3 |  |
| Segro | -0.5 | +0.3 |  |
| Energiean | 2.3 | +0.3 |  |
| Coca-Cola | 0.8 | +0.3 |  |

| Top sector level contributors | Relative position (%) | Contribution (%) |
|-------------------------------|-----------------------|------------------|
| Energy | 7.3 | +0.8 |
| Health Care | -2.5 | +0.6 |
| Telecommunications | 2.8 | +0.5 |
| Basic Materials | -2.9 | +0.5 |

| Bottom stock contributors | Relative position (%) | Contribution (%) | |
|---|-----------------------|------------------|---|
| Aberdeen Smaller Companies Income Trust | 2.7 | -1.1 |  |
| Sirius Real Estate | 0.8 | -0.8 |  |
| Direct Line | 1.2 | -0.7 |  |
| ABRDN Smaller Companies Income Trust | 7.4 | -0.7 |  |
| Unilever | -2.6 | -0.5 |  |
| Marshalls | 0.9 | -0.5 |  |
| Morgan Sindall | 1.2 | -0.5 |  |
| Flutter Entertainment | -0.8 | -0.4 |  |
| HSBC | -4.5 | -0.4 |  |
| BAE Systems | -1.1 | -0.4 |  |

| Bottom sector level contributors | Relative position (%) | Contribution (%) |
|----------------------------------|-----------------------|------------------|
| Financials | 7.3 | -1.2 |
| Consumer Discretionary | -7.2 | -0.8 |
| Industrials | -2.5 | -0.7 |
| Utilities | 3.7 | -0.2 |
| Real Estate | -0.5 | -0.1 |

Source: abrdn, 31 March 2023. Costs may increase or decrease as a result of currency and exchange rate fluctuations. This may impact what you might get back. Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance

Shires Income PLC Attribution

3 years to 31 March 2023

| Top stock contributors | Relative position (%) | Contribution (%) | |
|------------------------|-----------------------|------------------|--|
| Entain | 1.3 | +0.5 | |
| Energiean | 1.8 | +0.4 | |
| TOTALEnergies | 1.8 | +0.4 | |
| Novo Nordisk | 1.4 | +0.3 | |
| BHP Group | 0.8 | +0.3 | |
| BHP Group | 1.0 | +0.3 | |
| Unilever | -0.7 | +0.3 | |
| Reckitt Benckiser | -1.8 | +0.2 | |
| Standard Chartered | 1.8 | +0.2 | |
| M&G | 1.4 | +0.2 | |

| Top sector level contributors | Relative position (%) | Contribution (%) |
|-------------------------------|-----------------------|------------------|
| Oil & Gas | 1.2 | +0.6 |
| Health Care | -1.5 | +0.4 |
| Consumer Goods | -1.3 | +0.4 |
| Consumer Staples | -3.3 | +0.3 |
| Consumer Discretionary | -4.9 | +0.2 |

| Bottom stock contributors | Relative position (%) | Contribution (%) | |
|--------------------------------------|-----------------------|------------------|--|
| Glencore | -1.9 | -0.6 | |
| Anglo American | -1.3 | -0.4 | |
| Direct Line | 1.3 | -0.4 | |
| Assura | 1.0 | -0.4 | |
| Shell | -1.0 | -0.3 | |
| Ashmore | 1.0 | -0.3 | |
| ABRDN Smaller Companies Income Trust | 2.5 | -0.2 | |
| Close Brothers | 1.5 | -0.2 | |
| Marshalls | 0.5 | -0.2 | |
| Telenor | 1.1 | -0.2 | |

| Bottom sector level contributors | Relative position (%) | Contribution (%) |
|----------------------------------|-----------------------|------------------|
| Financials | 9.0 | -0.7 |
| Industrials | -5.4 | -0.7 |
| Basic Materials | -2.1 | -0.3 |
| Telecommunications | 3.2 | -0.1 |

Source: abrdn, 31 March 2023. Costs may increase or decrease as a result of currency and exchange rate fluctuations. This may impact what you might get back. Companies selected for illustrative purposes only to demonstrate the investment management style described herein and not as an investment recommendation or indication of future performance.

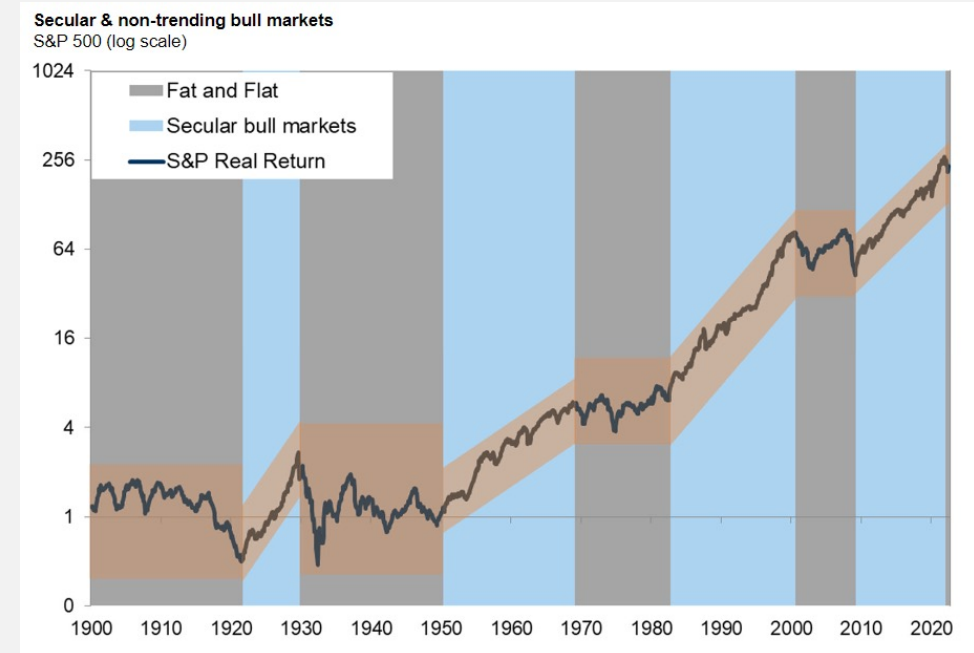
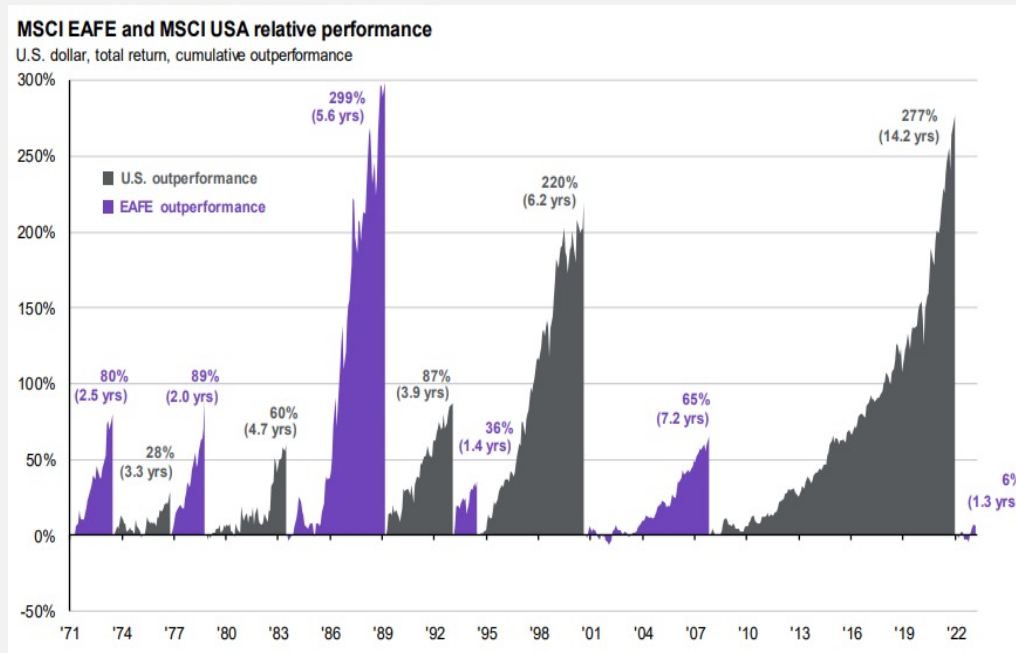


Outlook

Outlook: Uncertain Markets Create Opportunity

What has worked for the last 15 years may not work for the next period

- The last 15-year period has seen sustained US outperformance driven by large cap tech exposure.
- We have also seen an unprecedented period of equity market growth, consistent with a historically low, and falling, interest rate environment.
- These trends may persist – but there are good reasons why we shouldn't assume this will be the case! Allocation is yet to reflect this.

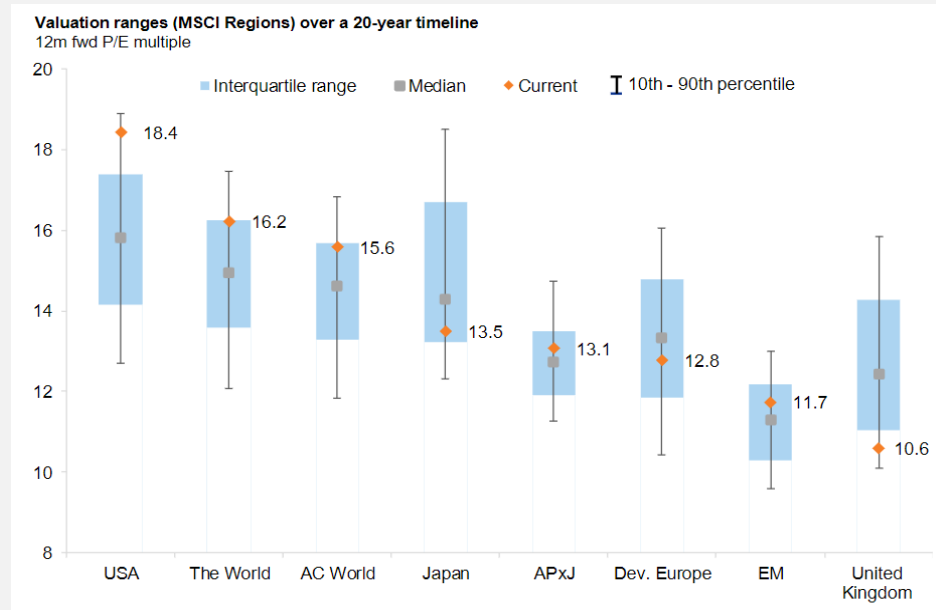


Source: Bloomberg, JP Morgan, abrdn, 31 March 2023. For illustrative purpose only

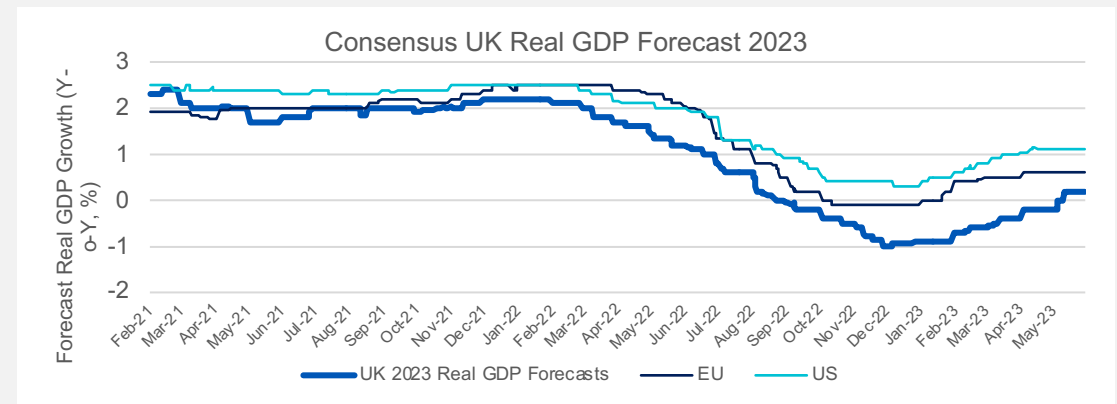
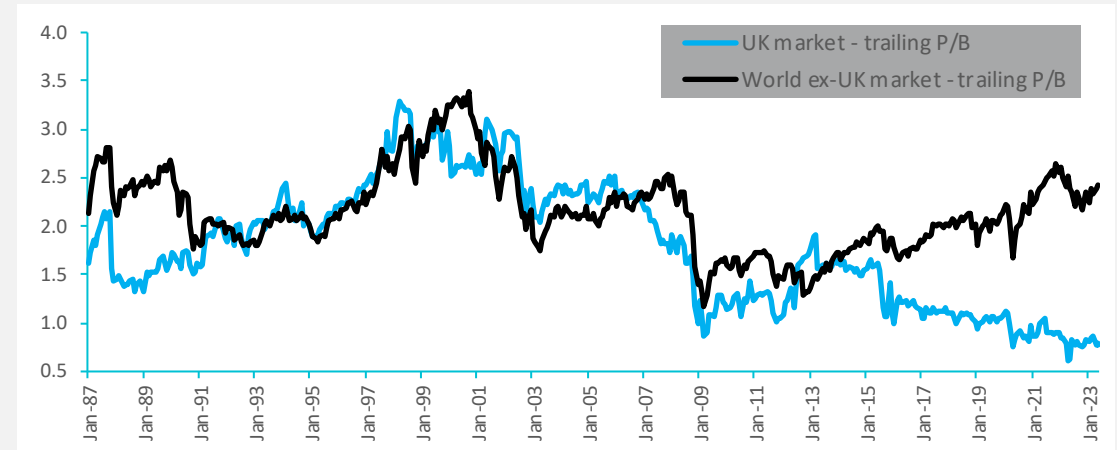
Outlook: Time to Look Again at UK?

Despite recent outperformance, UK valuation discount is extreme compared to history

- UK screens as the cheapest market globally, and the only market below the inter-quartile range on a price to earnings basis.
- The discount to US equities is at a record high.
- On a price-to-book basis the divergence from global equities post-Brexit is stark.



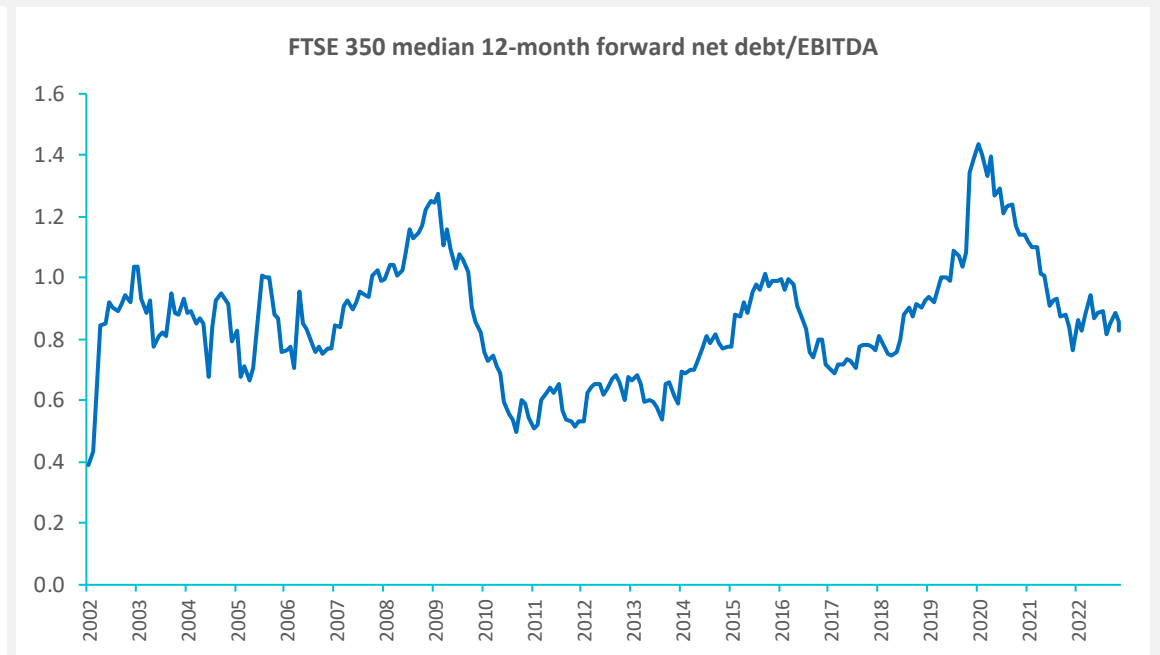
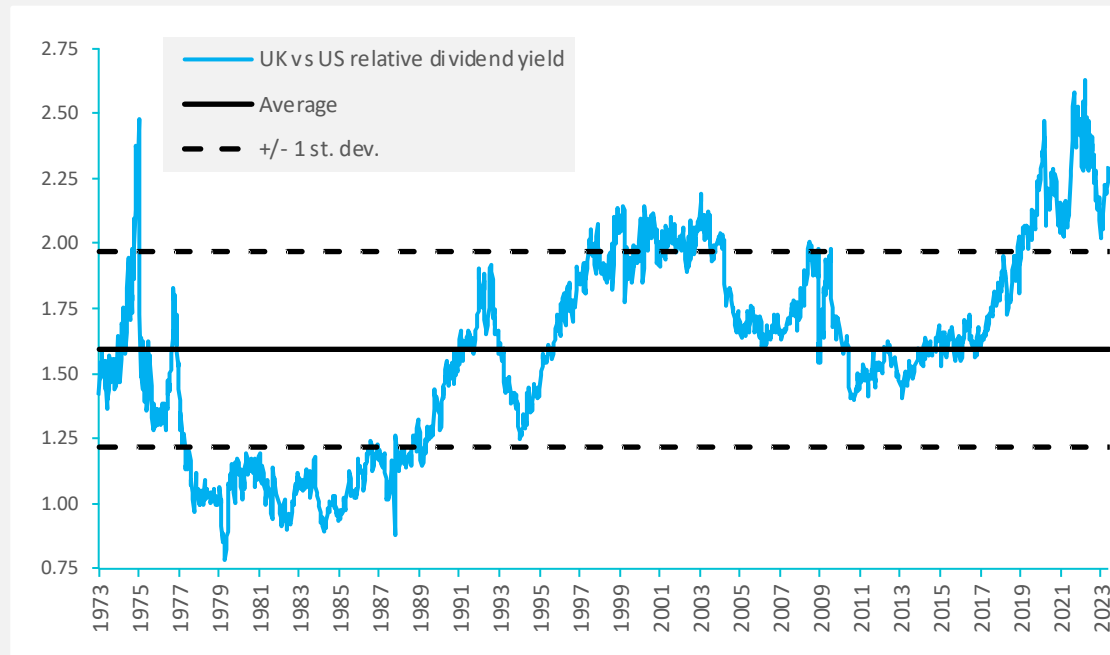
Source: Bloomberg, Berenberg, Goldman Sachs, abrdn, 31 March 2023. For illustrative purpose only



Outlook: Time to Look Again at UK?

The UK remains uniquely attractive from a dividend perspective

- UK dividend yield remains very high compared to the US, with more than 2x the headline yield.
- Despite the stretched yield, this does not reflect companies that are over-distributing. Balance sheets are in good shape and payout ratios have come down.

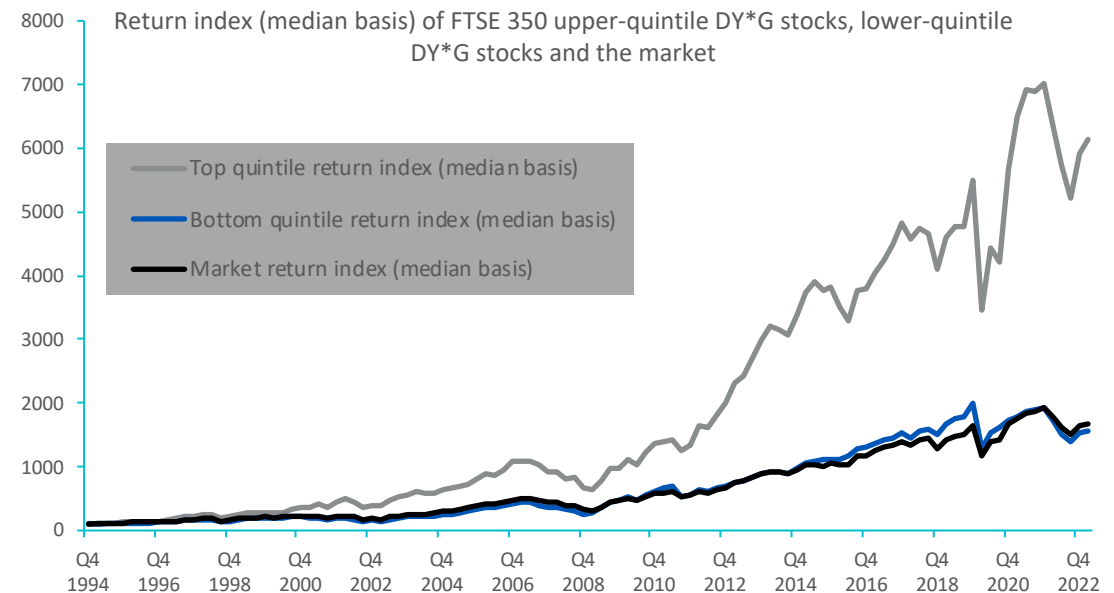
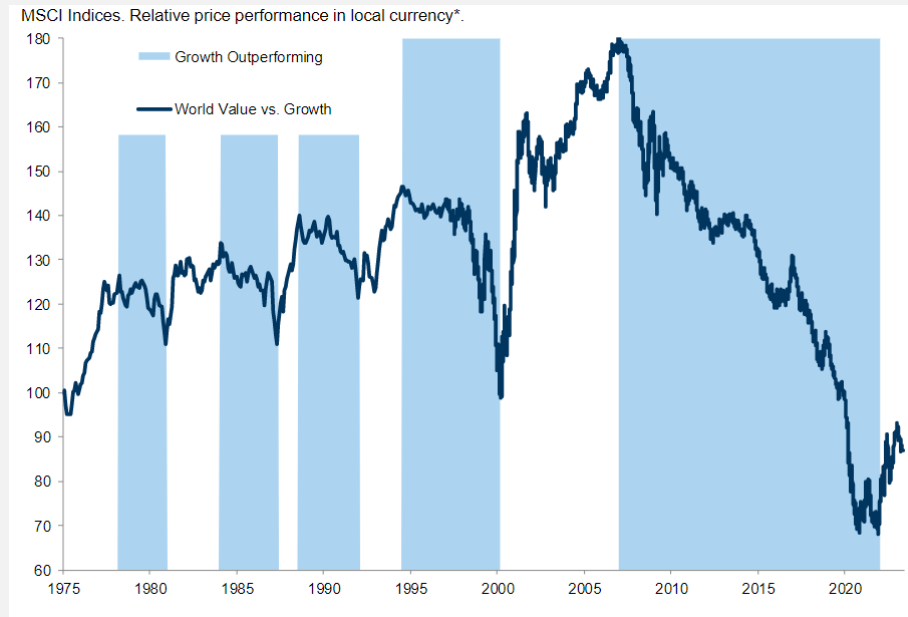


Source: Goldman Sachs, abrdn, May 2023

Outlook: Time to Look Again at the UK?

An end to sustained growth outperformance favours the UK over other regions

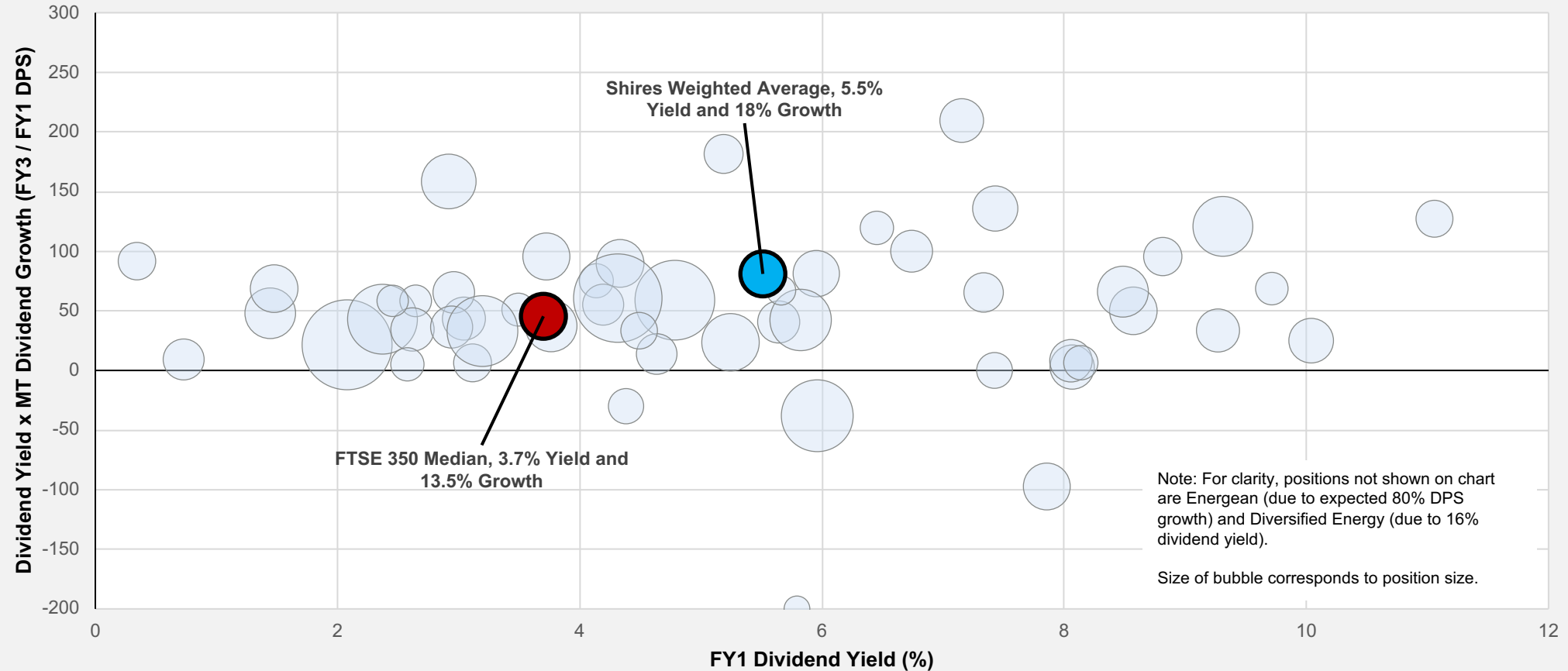
- The post-GFC period has seen sustained outperformance of growth, consistent with falling interest rates.
- That has only partially reversed in 2022. Any reversion (or just a more balanced market) favors the UK given its lower weighting to growth sectors.
- Historically, a combination of dividend yield and growth (measured by yield multiplied by dividend growth) has delivered outperformance in the UK market.



Source: Goldman Sachs, Berenberg, abrdn, May 2023

Outlook: Looking to Capture Dividend Yield and Growth

Shires approach looks for income paying stocks with dividend growth potential



Source: Bloomberg, abrdn, May 2023. For illustrative purposes only

An attractive asset class in an attractive market

Why UK Equities?

- UK equity valuations remain compelling versus other markets at the headline level and across sectors
- Access to global growth opportunities through companies with strong competitive advantages
- World class standards of corporate governance
- Underweight positioning and potential for significant M&A activity

Why Equity Income?

- Dividends are a key driver of long term total equity returns and serve an important functional purpose
- Dividends have been rebased and pay-out ratios are modest providing a strong base for dividend growth
- Equity markets are set for a period of lower capital growth, increasing the importance of income for total shareholder returns

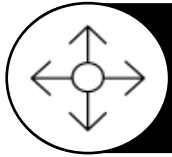
Source: abrdrn, March 2023



Appendices

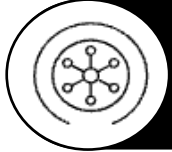
Option writing

Portfolio yield supplemented through modest use of derivatives



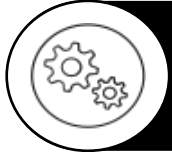
Objective

- To provide an additional uncorrelated, diversified income stream in concert with our investment approach
- Process designed to be simple and robust
- Enables investment in companies with lower yields but better capital and dividend growth prospects



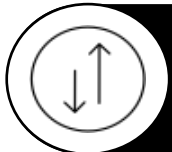
Instruments

- Exchange traded and OTC call and put options
- European style options are written on the basis of fundamental analysis to top slice or top up holdings



Exposure

- Typically 20-40bps per investment
- Written c.5% out of the money with a 1 – 3 month duration



Risk

- Limited directional market risk
- Only covered calls are written and puts must have cash available
- Tried and tested for over a decade

Source: abrdn

Developed markets equities team



Ben Ritchie
Head of DME



Dominic Byrne
Deputy Head of DME



Josh Duitz
Head of Global Income



Andrew Paisley
Head of Smaller Companies



Abby Glennie
Deputy Head of Smaller Companies



Sarah Norris
Head of ESG Equities



Sanjeet Mangat
Head of Developed Markets Research

Sustainable & Thematic



Andrew Brown



Ella-Kara Brown



Dominic Byrne



Blair Couper



Kurt Cruickshank



Chris Haimendorf



Ian Hewett



Tony Hood



Roseanna Ivory



Rebecca Maclean



Joanna McIntyre



Jamie Mills O'Brien



Sarah Norris



Ben Ritchie

Income & Real Assets



Stuart Brown



Martin Connaghan



Tom Dörner



Josh Duitz



Ruairidh Finlayson



Samantha Fitzpatrick



Romney Fox



Charles Luke



Nick Machin



Wes McCoy



Rhona Millar



Thomas Moore



Iain Pyle



Fran Radano



Joe Rava



Donal Reynolds



Bruce Stout

Small & Mid-Caps



Domantas Butvilas



Christopher Colarik



Kirsty Desson



Scott Eun



Abby Glennie



Tzoulianna Leventi



Stephanie Moore



Andrew Paisley



Liam Patel



Anjli Shah



Tim Skienzielewski



Amanda Yeaman

Global Sector Research and Sustainability Team



Sanjeet Mangat
Head of Developed Market Research

Financials



Mike Cronin

Commodities



Rhona Millar

Staples



Roseanna Ivory

Consumer Discretionary



Sasha Kachanova

Pharma & Healthcare



Sam Richardson

Industrials



Cece Shao

Real Assets



Nick Machin

Technology



Jamie Mills O'Brien

ESG



Jonny Salvage

ESG



Andrew Risk

abrdn Active Equities division

Well resourced

- c.110 investors
- 13 cities globally

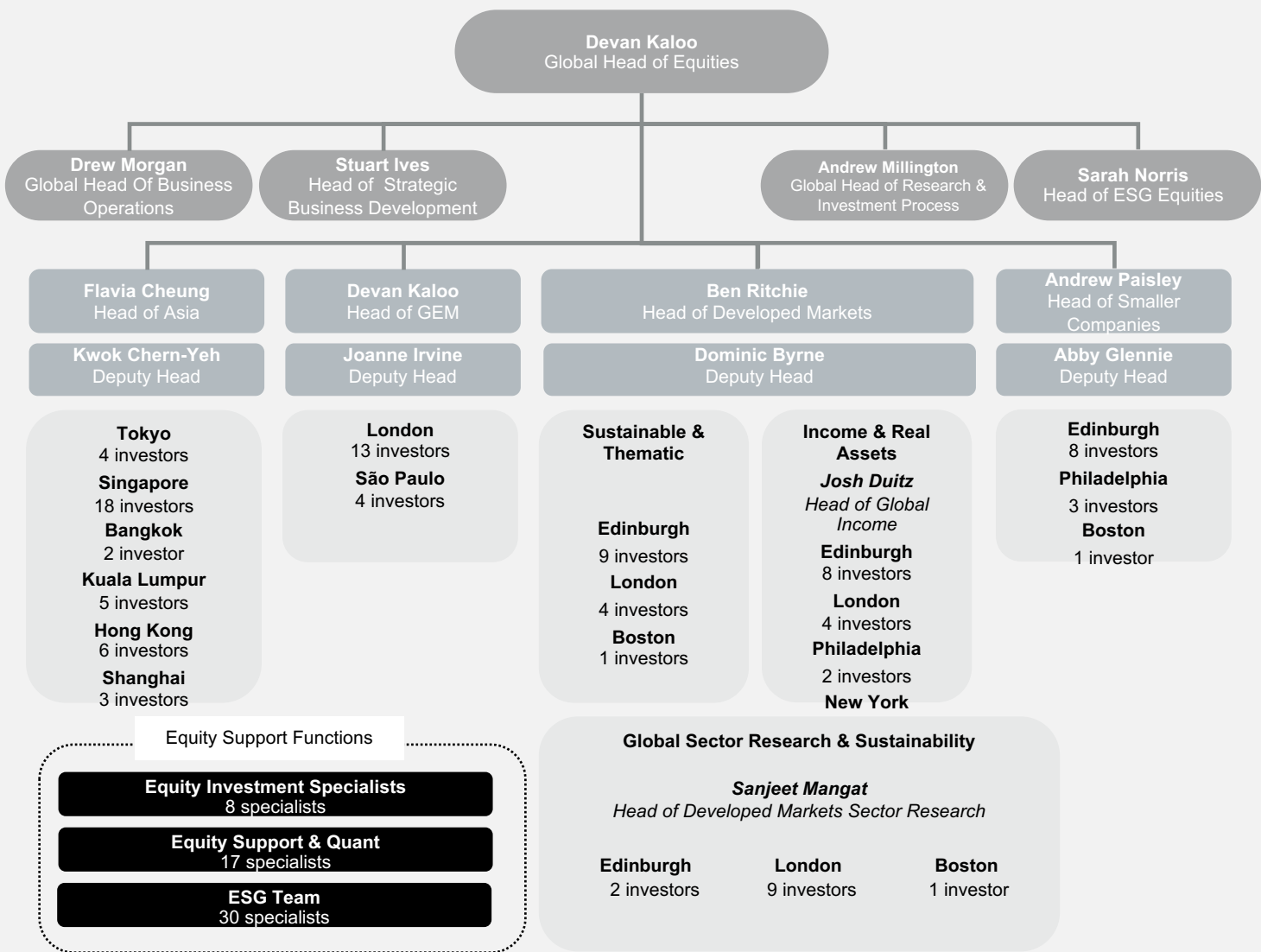
Global team

- Single approach to research
- Common investment language
- Sustainability specialists

Clear accountability

- Focused Portfolio Construction Groups
- Sectoral research
- Sustainability specialists

Source: abrdn, 31 March 2023



Local insights, global perspective

Discrete performance – Shires Income Trust PLC

At 31 March 2023

| | 2023 | 2022 | 2021 | 2020 | 2019 |
|----------------|-------|------|------|--------|------|
| Share Price | (5.5) | 18.4 | 31.2 | (21.2) | 8.0 |
| NAV* | (1.8) | 11.4 | 34.0 | (18.0) | 4.0 |
| FTSE All-Share | 2.9 | 13.0 | 26.7 | (18.5) | 6.4 |

*Total return NAV to NAV, net income reinvested GBP. Share price total return is on a mid to mid basis. Including current year revenue

Dividend calculations are to reinvest as at the ex dividend date. NAV returns based on NAV's with debt valued at fair value. Source: abrdn, Lipper and Morningstar

Important information

Investment Objective

The Company's investment objective is to provide shareholders with a high level of income, together with the potential for growth of both income and capital from a diversified portfolio substantially invested in UK equities but also in preference shares, convertibles and other fixed income securities.

Risk factors you should consider prior to investing:

- The value of investments and the income from them can fall and investors may get back less than the amount invested
- Past performance is not a guide to future results
- Investment in the Company may not be appropriate for investors who plan to withdraw their money within 5 years
- The Company may borrow to finance further investment (gearing). The use of gearing is likely to lead to volatility in the Net Asset Value (NAV) meaning that any movement in the value of the Company's assets will result in a magnified movement in the NAV
- The Company may accumulate investment positions which represent more than normal trading volumes which may make it difficult to realise investments and may lead to volatility in the market price of the Company's shares
- The Company may charge expenses to capital which may erode the capital value of the investment
- There is no guarantee that the market price of the Company's shares will fully reflect their underlying Net Asset Value
- As with all stock exchange investments the value of the Company's shares purchased will immediately fall by the difference between the buying and selling prices, the bid-offer spread. If trading volumes fall, the bid-offer spread can widen
- Certain trusts may seek to invest in higher yielding securities such as bonds, which are subject to credit risk, market price risk and interest rate risk. Unlike income from a single bond, the level of income from an investment trust is not fixed and may fluctuate
- With funds investing in bonds there is a risk that interest rate fluctuations could affect the capital value of investments. Where long term interest rates rise, the capital value of shares is likely to fall, and vice versa. In addition to the interest rate risk, bond investments are also exposed to credit risk reflecting the ability of the borrower (i.e. bond issuer) to meet its obligations (i.e. pay the interest on a bond and return the capital on the redemption date). The risk of this happening is usually higher with bonds classified as 'sub-investment grade'. These may produce a higher level of income but at a higher risk than investments in 'investment grade' bonds. In turn, this may have an adverse impact on funds that invest in such bonds
- Yields are estimated figures and may fluctuate, there are no guarantees that future dividends will match or exceed historic dividends and certain investors may be subject to further tax on dividends

Disclaimers

The MSCI information may only be used for your internal use, may not be reproduced or re-disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from marketing) any kind of investment decision and may not be relied on as such. Historical data and analysis, should not be taken as an indication or guarantee of any future performance analysis forecast or prediction. The MSCI information is provided on an 'as is' basis and the user of this information assumes the entire risk of any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the 'MSCI' Parties) expressly disclaims all warranties (including without limitation, any warranties of originality, accuracy, completeness, timeliness, non-infringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages (www.msci.com).

FTSE International Limited ('FTSE') © FTSE 2023. 'FTSE®' is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under licence. RAFI® is a registered trademark of Research Affiliates, LLC. All rights in the FTSE indices and / or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and / or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

BLOOMBERG® is a trademark and service mark of Bloomberg Finance L.P. and its affiliates (collectively "Bloomberg"). BARCLAYS® is a trademark and service mark of Barclays Bank Plc (collectively with its affiliates, "Barclays"), used under license. Bloomberg or Bloomberg's licensors, including Barclays, own all proprietary rights in the Bloomberg Barclays Indices.

© 2023 Morningstar. All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are

responsible for any damages or losses arising from any use of this information. Past performance is no guarantee of future results. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to: <http://corporate.morningstar.com/us/documents/MethodologyDocuments/AnalystRatingforFundsMethodology.pdf>

Other important information:

An investment trust should be considered only as part of a balanced portfolio. The information contained in this document should not be considered as an offer, solicitation or investment recommendation to deal in the shares of any securities or financial instruments. It is not intended for distribution or use by any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited. Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. This is not an invitation to subscribe for shares and is by way of information only. Subscriptions will only be received and shares issued on the basis of the current Key Information Document (KID). These can be obtained free of charge from Aberdeen Asset Managers Limited, PO Box 11020, Chelmsford, Essex, CM99 2DB or available on www.invtrusts.co.uk. Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use by abrdn*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates. * abrdn means the relevant member of abrdn group, being abrdn PLC together with its subsidiaries, subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

Important Information

Past performance does not predict future returns. The value of investments, and the income from them, can go down as well as up and clients may get back less than the amount invested.

The information contained in this document should not be considered as an offer, solicitation or investment recommendation to deal in the shares of any securities or financial instruments. It is not intended for distribution or use by any person or entity who is a citizen or resident of or located in any jurisdiction where such distribution, publication or use would be prohibited. Nothing herein constitutes investment, legal, tax or other advice and is not to be relied upon in making an investment or other decision. No recommendation is made, positive or otherwise, regarding individual securities mentioned. This is not an invitation to subscribe for shares in the fund and is by way of information only.

The information contained herein including any expressions of opinion or forecast have been obtained from or is based upon sources believed by us to be reliable but is not guaranteed as to the accuracy or completeness.

Any data contained herein which is attributed to a third party ("Third Party Data") is the property of (a) third party supplier(s) (the "Owner") and is licensed for use abrdn*. Third Party Data may not be copied or distributed. Third Party Data is provided "as is" and is not warranted to be accurate, complete or timely. To the extent permitted by applicable law, none of the Owner, abrdn* or any other third party (including any third party involved in providing and/or compiling Third Party Data) shall have any liability for Third Party Data or for any use made of Third Party Data. Neither the Owner nor any other third party sponsors, endorses or promotes the fund or product to which Third Party Data relates.

* abrdn means the relevant member of abrdn group, being abrdn plc together with its subsidiaries,

subsidiary undertakings and associated companies (whether direct or indirect) from time to time.

United Kingdom: Issued by abrdn Fund Managers Limited, registered in England and Wales (740118) at 280 Bishopsgate, London, EC2M 4AG. Authorised and regulated by the Financial Conduct Authority in the UK.

778249